

Message Text

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SUBJECT: BRITISH MINISTER DISCUSSES ENERGY COOPERATION

REF: CARACAS 15 (NOTAL)

1. SUMMARY. IN THE COURSE OF A SIX-DAY VISIT, BRITISH ENERGY MINISTER MABON DISCUSSED POSSIBLE COOPERATION IN THE ENERGY FIELD. ACCOMPANIED BY A DELEGATION OF UK OFFICIALS AND BUSINESSMEN, HE EMPHASIZED THE APPLICATION OF BRITISH EXPERIENCE IN THE NORTH SEA TO VENEZUELA'S EXPTENSIVE PLANS FOR OFFSHORE OIL EXPLORATION AND DEVELOPMENT. POSSIBLE COOPERATION IN NUCLEAR ENERGY WAS ALSO SUGGESTED INITIALLY, BUT THIS WAS LATER PLAYED DOWN BY MABON. END SUMMARY.

2. CONTINUING A SERIES OF EXCHANGES WHICH BEGAIN IN 1976, BRITISH MINISTER OF STATE FOR ENERGY J. DICKSON MABON ARRIVED
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IN VENEZUELA JANUARY 14 FOR A SIX-DAY SCHEDULE OF MEETINGS, BRIEFING AND VISITS, THE GUEST OF HIS LOCAL COUNTERPART, MINISTER OF ENERGY VALENTIN HERNANDEZ. MABON HEADED A DLEGATION OF ABOUT 15 UK GOVERNMENT OFFICIALS AND BUSINESSMEN REPRESENTING COMPANIES ENGAGED IN OFFSHORE CONSTRUCTION AND OIL TECHNOLGY. FIRMS REPRESENTED INCLUDED TAYLOR WOODROW CONSTRUCTION, CJB OFFSHORE, MATTHEW HALL, KCA DRILLING,

SIR ROBERT MCALPINE, GEORGE WIMPEY, DAVY INTERNATIONAL, GEC, BRITISH PETROLEUM AND THE BRITISH NATIONAL OIL CORPORATION. MABON WAS HERE FIRST ABOUT A YEAR AGO AND HERNANDEZ RETURNED THE VISIT LAST JULY, ALL AN OUTGROWTH OF THE ECONOMIC COOPERATION AGREEMENT SIGNED DURING PRESIDENT PEREZ' VISIT TO LONDON IN NOVEMBER 1976.

3. DURING THEIR STAY, THE GROUP MET WITH PRESIDENT PEREZ AND WITH THE VARIOUS MINISTERS HAVING RESPONSIBILITIES IN THE ECONOMIC AREA. A FULL DAY OF THE PROGRAM WAS SPENT WITH PETROLEOS DE VENEZUELA, THE NATIONAL OIL HOLDING COMPANY, AND ANOTHER DAY WITH HERNANDEZ AND HIS STAFF IN THE MINISTRY OF ENERGY AND MINES. TYE ALSO TRAVELED TO CIUDAD GUAYANA, THE SITE OF VENEZUELA'S MAJOR IRON, STEEL AND ALUMINUM PROJECTS. BOTH ROYAL DUTCH SHELL'S LOCAL SUBSIDIARY AND MARAVEN, THE NATIONAL OIL OPERATING COMPANY WHICH ASSUMED CONTROL OF SHELL'S FORMER OIL CONCESSIONS, HOSTED DINNERS FOR THE DELEGATION.

4. UNLIKE THE EARLIER EXCHANGE OF VISITS, WHICH, WE UNDERSTAND, WERE LARGELY COURTESY VISITS, THIS VISIT CONCENTRATED HEAVILY ON COMMERCIAL OPPORTUNITIES RELATED TO PLANNED OFFSHORE DEVELOPMETS, SUCH AS THE CONSTRUCTION OF LARGE OFFSHORE PLATFORMS. MABON SAID HE DID NOT EXPECT ANY CONTRACTS TO BE SIGNED DURING THE VISIT, ALTHOUGH HERNANDEZ DID ANNOUNCE THAT THE BRITISH WOULD COOPERATE WITH PETROLEOS IN PROGRAMS INVOLVING THE LIMITED OFFICIAL USE

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ORINOCO DELTA AND THE LA VELA REGIONS, TWO OFFSHORE AREAS WHICH ARE REPORTED TO HAVE GOOD OIL PROSPECTS. (THIS STATEMENT APPARENTLY REFERS TO CONTRACTS SIGNED EARLIER WITH BRITISH FIRMS FOR PRELIMINARY STUDIES OF THE SURFACE AND SEABED ENVIRONMENT IN THESE AREAS).

5. MABON ALSO DISCUSSED THE POSSIBILITY OF COOPERATION IN NON-CONVENTIONAL ENERGY SOURCES SUCH AS SOLAR AND WIND POWER. WITH RESPECT TO NUCLEAR ENERGY, HE WAS REPORTED EARLY IN THE VISIT TO HAVE SUGGESTED THE POSSIBILITY OF THE TRANSFER OF NUCLEAR TECHNOLOGY, SAYING THIS WOULD DEPEND ON THE INTEREST OF THE VENEZUELAN GOVERNMENT. LATER, HOWEVER, HE PLAYED DOWN THIS POSSIBILITY, COMMENTING THAT HE DID NOT BELIEVE VENEZUELA HAD YET REACHED THE POINT OF BUILDING NUCLEAR REACTORS.

6. COMMENT: THE UNITED KINGDOM, LIKE CANADA, HAS GONE TO GREAT LENGTHS TO PROMOTE BILATERAL COOPERATION, OR AT LEAST THE APPEARANCE THEREOF, WITH VENEZUELA IN THE PETROLEUM AND ENERGY SECTORS. WHILE THERE SEEMS TO BE GENERAL AGREEMENT THAT THEY WILL HAVE AN UPHILL BATTLE AGAINST THE LONGSTANDING DOMINANCE OF US TECHNOLOGY AND FIRMS IN VENEZUELA, THE OPPORTUNITY FOR COOPERATION ON A GOVERNMENT TO GOVERNMENT BASIS AND-OR

WITH GOVERNMENT-OWNED OIL COMPANIES HAS A STRONG APPEAL TO
MANY OFFICIALS IN THE GOV AND IN PETROLEOS. HERNANDEZ IS
EXPECTED TO BE OFFERED SIMILAR COOPERATION DURING HIS
FORTHCOMING VISIT TO FRANCE (WEEK OF JANUARY 23), WHERE HE IS
ALSO EXPECTED TO SIGN AN AGREEMENT ON MINING COOPERATION.
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